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SUBJECT: MEDIA REACTION: SED, MUMBAI ATTACKS, FINANCIAL CRISIS

Editorial Quotes

1. SED

"U.S. - China SED has room for an upgrade"

The official popular newspaper Beijing Youth Daily (Beijing Qingnianbao)(12/02): "This year's SED differs greatly in its background from the previous. One obvious difference is the degree of the U.S. financial crisis and how the crisis has intensified. Topics this time will be more practical and in-depth. Another difference is that Obama has been elected President of the United States. This means that the Strategic Dialogue topics will change. This will be the last time that Paulson attends the SED as financial secretary. Topics brought by the U.S. include energy, environment and the bilateral investment protection agreement. The U.S. has paid emphasis on the last topic since the U.S. urgently needs to cooperate with China in this field to step out of the economic crisis. The appointment of Geithner has (also) provided an opportunity to introduce a new set of topics into the SED. For Obama, the SED is one of a few diplomatic achievements that Bush has made on the US-China relations. It is foreseeable that after Obama steps into office, that the senior economic dialogue system of communication between the U.S. and China will continue to exist."

2. MUMBAI ATTACKS

"The Mumbai terror attacks ring the alert"

The official Communist Party People's Daily (Renmin Ribao)(12/02): "The terrorist attacks in Mumbai have once again rung alarm bells in big cities in Southern Asia and throughout the world. The failure to effectively defend densely populated cities from terrorists and fight against terrorists has become a perennial problem for the War on Terror. If India and Pakistan are thrust into and trapped in crisis, it is the terrorism organizations and extremists who will have benefited. That's why the American media is worrying about the consequence of the incident. The possible India-Pakistan conflict will disturb the U.S. military deployment. However, 'shooting water far does not put out the near fire'. The attacks symbolize the serious frustrations in the fight against terrorism. The future War on Terror is facing new challenges."

3. GLOBAL FINANCIAL CRISIS

"Be vigilant about how the economic crisis will infect global politics"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(12/02): "The current financial crisis has revealed two long term conflicts in international relations. One is between Western developed countries and non-Western developing countries. Developed countries always dragged non-western countries down with their huge debts, so that most of the under-developed countries have no chance of 'being liberated.' The other is within

Western developed countries. The world has seen increased and fierce competition between leadership in world finance, economics and politics among European and American countries. As the biggest developing country and one of the five permanent members of Security Council, China is responsible to the 1929 economic crisis. China should maintain its independence in the world's economic politics, not following European and America and not standing absolutely opposed to the will of Europe and America."

RANDT